



Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.7848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: BATA Oversight Committee

DATE: May 7, 2008

FR: Executive Director

W. I. 1252

RE: Draft FY 2008-2009 Toll Bridge Program Operating and Capital Budget

This memorandum presents the draft FY 2008-09 budget for the Regional Measure 1 (RM 1), Seismic Retrofit Program (SRP), and Regional Measure 2 (RM 2) Toll Bridge programs. The operating budget includes Caltrans expenses for bridge operations, BATA's administrative costs, transfers to MTC for administration and the statutorily mandated toll-funded transit programs. Attachment A includes the line detail for the FY 2008-09 budget as compared to the FY 2007-08 revised budget.

The major highlights and issues regarding the FY 2007-08 and FY 2008-09 budgets are outlined as follows:

FY 2007-08 Budget and Actual Expenditures

Traffic and Revenues

As shown in Table 1, for FY 2007- 08, total traffic is approximately 1.6 percent less than in FY 2006-07 (through March 2008) and toll-paid traffic is expected to be about 2.0 percent lower compared to the previous fiscal year. The table also shows that in comparison to a year ago, violations decreased by approximately 3 percent and carpools increased by about 3.7 percent. We believe that the closure of the Bay Bridge over the Labor Day weekend in September 2007 and the increases in gas prices have most likely had the largest impact on the reductions of traffic on the toll facilities.

Table 1 - Toll Traffic – FY 2006-07 Compared to FY 2007-08 (Through March 2008)

	FY 2006-07	FY 2007-08	Percent Change
Total Vehicles	97,240,792	95,710,112	-1.6%
Toll Paying Vehicles	87,183,608	85,467,330	-2.0%
Carpools/Free Vehicles	7,251,155	7,516,480	+3.7%
True Violations	2,805,956	2,726,302	-3.0%

As shown in Table 2, given the projected decreases in toll paying vehicles for FY 2007-08, staff is projecting that FY 2007-08 toll revenues (RM 1, RM 2, and SRP) will be about 1.9 percent less than budgeted. As shown in the table, for FY 2007-08, collections from toll violations are projected to be \$10,767,952, which is 7.7 percent more than was estimated in the FY 2007-08 adopted budget.

Table 2 - Toll Revenues – FY 2007-08 (Adopted) Compared to FY 2007-08 (Estimated Actual)

	FY 2007-08 Adopted Budget	FY 2007-08 Estimated Actual	Percent Change
RM 1 Revenues	\$137,016,387	\$134,374,500	-1.9%
RM 2 Revenues	\$117,362,278	\$114,850,000	-2.1%
SRP Revenues	\$234,724,556	\$229,700,000	-2.1%
Violation Revenue	\$10,000,000	\$10,767,952	+7.7%
Total	\$499,103,221	\$489,692,452	-1.9%

Actual Expenditures

For FY 2007-08, Caltrans' total expenditures for the operation and maintenance of the bridges are projected to be approximately \$1.6 million (-1.8 percent) less than the adopted budget. Caltrans is projected to expend approximately \$25.3 million for Toll Collections this year, which is about \$1.3 million more than was included in the FY 2007-08 budget. The increased costs for the toll collections services during the fiscal year is due to providing 1) added collections staffing at the new Benicia-Martinez Bridge until travel patterns and the functioning of the new toll plaza could be evaluated, 2) back-up staffing at the toll plazas during the implementation of the new FasTrak®-only lanes on the bridges in Summer 2007, and 3) added staffing at the edges of the peak periods and on weekends at the San Francisco-Oakland Bay Bridge. As indicated above, savings on other line items are off-setting the increased toll collection expenditures.

FY 2008-09 Draft Budget**Revenue:**

For FY 2008-09, staff is proposing toll revenue estimates that are slightly below FY 2007-08 estimated actual revenues. As shown in Table 3, staff is estimating that FY 2008-09 toll revenues will be 1.0 percent less than projected revenue estimates for FY 2007-08.

Table 3 - FY 2008-09 Estimated Toll Revenues

	FY 2007-08 Estimated Actual Toll Revenues	Estimated FY 2008-09 Toll Revenues	Percent Change
RM 1 Revenues	\$134,374,500	\$133,030,755	-1.0%
RM 2 Revenues	\$114,850,000	\$113,701,500	-1.0%
SRP Revenues	\$229,700,000	\$227,403,000	-1.0%
Total	\$478,924,500	\$474,135,255	-1.0%

Operating Expense:

1. For FY 2008-09, staff is considering a budget of \$36.6 million for Caltrans' operating expenditures, which is about \$1.8 million (5.0 percent) greater than the FY 2007-08 adopted budget. The major highlights in Caltrans' portion of the budget include:

- The Toll Collections line item for FY 2008-09, which accounts for about 70 percent of the Caltrans operations budget, is projected to be 2.7 percent more than the projected actual expenditures for FY 2007-08 and 8.4 percent above the FY 2007-08 adopted budget. Caltrans is proposing to reduce toll collection staffing from FY 2007-08 estimated actual levels for FY 2008-09 from approximately 340 Person Years (PYs) to 332 PY. Although the total staffing level is proposed to be reduced, the projected increase in the toll collections budget is mainly due to a projected salary increase for toll collections staff and an increase in the overhead rate charges that BATA pays to Caltrans. For the final budget to be presented to the Committee in June 2008, BATA staff will be continuing to meet with Caltrans to further examine methods to reduce toll collections staff and expenses.
 - Pursuant to state law, toll funds pay for Caltrans' bridge facility maintenance (Category A Maintenance) expenses for all of the state-owned bridges that have completed seismic retrofits. Therefore, toll funds pay for the maintenance of all of the bridges, except the San Francisco-Oakland Bay Bridge. For FY 2008-09, staff is proposing a budget of \$8,689,000, which maintains the funding level for maintenance activities as in FY 2007-08.
2. For FY 2008-09, staff is proposing a total budget of approximately \$16.0 million for the operation of the FasTrak® Customer Service Center (CSC). The proposed budget is \$2.2 million (15.9 percent) more than the adopted budget for FY 2007-08. The proposed FY 2008-09 budget includes increased expenses due to 1) an estimated 10 percent increase in FasTrak® customer accounts, bringing the total number of accounts to about 850,000, 2) increases in the costs of sending of violation notices due to planned postage increases, and 3) increases in costs for the review of violation images. The CSC line item budget for FY 2008-09 is shown in table 4 below:

Table 4 - FY 2008-09 FasTrak® Customer Service Center Budget

FasTrak® CSC Line Items	FY 2007-08 Adopted Budget	FY 2008-09 Proposed Budget	\$ Difference	Percent Change
Accounts	\$11,955,800	\$13,697,530	\$1,741,730	15%
Violation Notices	\$994,200	\$1,336,280	\$342,080	34%
Image Review	\$702,000	\$824,650	\$112,650	17%
Maintenance	\$240,000	\$240,000	\$0	--
Total	\$13,892,000	\$16,098,460	\$2,206,460	16%

3. BATA's operational expenses are also increasing due to added maintenance expenses related to the Advanced Toll Collection and Accounting System (ATCAS) toll collection system on the bridges. Most of the increases are due to increased costs for the service and support contracts that BATA has for the ATCAS hardware, software and network systems. Given that the ATCAS system is 12 years old, we are finding that the vendors able to support the hardware and software systems are limited and the costs of the support continues to increase.
4. For FY 2008-09, a total of \$29.7 million is budgeted for BATA's Administration costs for the RM 1, SRP, and RM 2 toll bridge programs, which represents a 58 percent increase from the FY 2007-08 budget. Almost all of the increase in BATA's administration costs is due to

estimated increases in the debt financing expenses for FY 2008-09. BATA's finance costs are projected to increase from \$9.8 million in FY 2007-08 to \$20.4 million in FY 2008-09 due to increased costs in the remarketing/liquidity fees for BATA's planned financings.

Capital Programs:

Regional Measure 1 Toll Program

For FY 2008-09, Caltrans has requested a total net allocation of \$13.9 million to fund on-going support for construction oversight of the remaining contracts. No major forecast changes have been identified for the program. Based upon BATA's current financial plan, the current forecast for the remainder of the program is fundable. Table 5 below shows the distribution of allocations for FY 2008-09.

Table 5 - FY 2008-09 Regional Measure 1 Capital Support Allocations

Project	Total FY 2008-09 Support Allocation (million)	Notes
New Benicia-Martinez Bridge	\$6.8	For ongoing construction oversight support.
New Carquinez Bridge	\$0.4	For final project close-out expenses
Interstate 880/State Route 92 Interchange Reconstruction	\$6.6	For ongoing construction oversight support.
Other Contracts	\$0.1	For contract close-out
Total	\$13.9	

Toll Bridge Seismic Retrofit Program (SRP)

For the SRP, Caltrans has requested toll fund allocations totaling \$131.7 million for the program to cover on-going construction oversight and design support costs. Of the five Bay Area toll bridges identified as part of the SRP, only the San Francisco-Oakland Bay Bridge remains to be completed. Requested support allocations will be used on the San Francisco-Oakland Bay Bridge Seismic Retrofit Project to continue design efforts on the Yerba Buena Island (YBI) Transition Structures and construction oversight over the Self-Anchored Suspension (SAS) Span, YBI Detour, Oakland Touchdown and West Approach construction contracts. The Toll Bridge Program Oversight Committee is continuing to review the capital outlay support allocation request to BATA. Project allocations for FY 2008-09 requested by Caltrans are listed below in Table 6:

Table 6 - FY 2008-09 Seismic Retrofit Program Capital Outlay Support Allocations

Project	Total FY 2008-09 Support Allocation (millions)	Notes
SFOBB East Span Replacement Project	\$121.0	For ongoing design and construction support
SFOBB West Approach Replacement Project	\$10.7	For ongoing construction support
Seismic Retrofit Program Total	\$131.7	

Toll Bridge Rehabilitation Program

A ten-year Toll Bridge Rehabilitation Program has been adopted by BATA to maintain the safe and efficient operation of the bridges and associated facilities. For FY 2008-09, we have updated the Rehabilitation Plan, which includes a total of \$132 million in the most critical bridge structure rehabilitation and toll collection projects over the 10-year period. In June, staff will request that the Committee allocate toll funds for this upcoming fiscal year to project categories as summarized in Table 7.

Table 7 - FY 2007-08 Toll Bridge Rehabilitation Program Capital Allocations

Toll Bridge Rehabilitation Projects	Support Allocation (millions)	Capital Allocation (millions)
Dumbarton and Antioch Bridge Seismic Analysis	\$17.6	\$0.0
Bridge Rehabilitation Projects	\$1.3	\$0.6
Plaza Rehabilitation Projects	\$5.3	\$0.5
Revenue Collection Upgrades and Tag Procurement	\$0.2	\$18.9
FasTrak® Strategic Plan and Toll Plaza Improvements	\$1.0	\$1.1
Miscellaneous Projects and Inspection	\$4.5	\$0.0
FY 2008-09 Totals	\$29.9	\$21.1

Recommendation

The draft budget is presented for the Committee's information. Staff will present the final budget for approval in June.

/Steve Heminger/

SH: TR

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